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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

HaQaretz and other major media reported that PM-designate Benjamin Netanyahu told U.S. special envoy George Mitchell yesterday that a Likud-led government will honor "all international commitments" made by Israel. Though Netanyahu did not specify which commitments he meant, the principal commitments made by Israeli governments over

the past few years are those included in the Roadmap peace plan -- primarily, limits on settlement construction and the evacuation of illegal outposts -- and the Annapolis summit pledge to hold final-status talks on establishing a Palestinian state. However, Netanyahu also told Mitchell that a Likud-led government would "reassess Israeli foreign policy and proceed with the peace process with the Palestinians in its own way." The Jerusalem Post reported that Mitchell steered clear of the settlement issue in talks with PM Ehud Olmert and Netanyahu. Makor Rishon-Hatzofe reported that, following the Netanyahu-Mitchell meeting, U.S. officials and Netanyahu associates agreed that Netanyahu's economic peace was a basis for discussions.

The media reported that today Netanyahu will meet with Kadima leader Tzipi Livni. Haaretz reported that, in a last ditch-effort to convince her to enter coalition talks with Likud, Netanyahu will offer Livni a complete and equal partnership in advancing the peace process. Maariv quoted him as saying that Livni would have more influence in his government than in Olmert's. But Haaretz quoted sources in the parties as saying that neither side believes that a unity government of Likud and Kadima is likely. Maariv quoted Livni as saying privately this week that Netanyahu does not believe in the diplomatic process. Nonetheless, Haaretz reported that Netanyahu wants to show that he tried every option to compromise with Livni with generous, unprecedented offers, so that Livni appears at fault for any failure to create a unity government. Makor Rishon-Hatzofe quoted Livni associates as saying that there is a chance of Kadima joining the coalition.

Yediot reported that Israel has offered to conduct intensive negotiations with Hamas in Cairo on Gilad Shalit's release. The daily reported that Israel is willing to release over 100 heavy-weight Palestinian prisoners. Yediot cited the belief of a senior Egyptian source that Netanyahu will offer less than the outgoing government.

Citing the renewed routine of Hamas rocket attacks, Haaretz wrote in its lead article: If Israel can enshrine Operation Cast Lead in a long-term agreement, the war will be remembered as a success. But fears are mounting that the operation's military achievements are dissipating. If so, the operation will go down in history as a less-than-successful round in a long war in Gaza. The IDF left Gaza with the feeling that it had proven itself, after its debacle in Lebanon in 2006. But it seems that the bottom line will have to wait.

Makor Rishon-Hatzofe reported that Secretary of State Hillary Clinton will ask for clarifications about construction in Ma'aleh Adumim.

The Jerusalem Post reported that senior Palestinian negotiator Saeb Erekat told the newspaper yesterday that Netanyahu should worry about fulfilling Israel's international obligations rather than concerning himself with what kind of government the Palestinian people choose to form.

The Jerusalem Post cited the dissatisfaction of Israeli officials about official Jerusalem's silence regarding petitions abroad against Israel for alleged war crimes.

Media quoted Yisrael Beiteinu Chairman Avigdor Lieberman as saying in an interview with the American magazine The Jewish Week that he supports the idea of a viable Palestinian state. Haaretz quoted Netanyahu associates as saying yesterday that Netanyahu will not meet all of Lieberman's conditions for bringing Yisrael Beiteinu into a Likud-led government. "Netanyahu cannot let Lieberman run the country," explained one. "There's a limit. He can't have the Justice Ministry, the Public Security Ministry and on top of that the Foreign Ministry or the Finance Ministry."

Haaretz reported that this week Olmert tried to allay the concerns of the American Jewish community regarding Netanyahu. Olmert told Jewish leaders and Jewish Agency bosses that they and Washington had no reason to fear Netanyahu. Olmert was quoted as saying: "Netanyahu is an Israeli patriot and not an extreme individual. He knows what is right, and I believe he will promote the peace process."

HaQaretz quoted sources in the Israeli defense establishment as saying that, during a visit here this week, Gen. John Craddock, commander of U.S. European Command (EUCOM), which operates the long-range radar in the Negev, discussed solutions for intercepting missiles from Gaza with Israeli officials. Craddock also discussed means of intercepting longer-range missiles, especially from Iran. During his visit, Craddock met with IDF Chief of Staff Gabi Ashkenazi, DM Ehud Barak, Defense Ministry Director-General Pinchas Buchris, and GOC Southern Command Yoav Galant.

The Jerusalem Post quoted Jakob Kellenberger, the President of the International Committee of the Red Cross, as saying yesterday in Geneva that peace is vital to GazaQs reconstruction, that the isolation of Gaza must end, and that Shalit should be released.

HaQaretz reported that, despite the state's formal commitment not to expand West Bank settlements, the Civil Administration, the government agency responsible for nonmilitary matters in the West Bank, has been promoting plans over the past two years to construct thousands of housing units east of the Green Line -Q at GvaQot, located near Alon Shvut in the Gush Etzion settlement bloc; Bat Ayin; Rimoni; Einav; MaQaleh Adumim; Kfar Adumim; and Eshkolot. The plans have not yet been approved by the government. Details of the plans appear in the minutes of the agency's environmental subcommittee, which were obtained by the B'Tselem organization under IsraelQs Freedom of Information Act.

Leading media reported that Justice Minister Daniel Friedmann has recommended that President Shimon Peres pardon convicted disengagement opponents.

All media reported that yesterday Netanyahu met with Histadrut Labor Federation Chairman Ofer Eini, Netanyahu is slated to meet next week with Shraga Brosh, the President of the Manufacturers Association of Israel. The media reported that Netanyahu is hoping to gain support for his plans to rescue IsraelQs economy from financial crisis and recession.

The Jerusalem Post reported that growing harassment of Jewish students on college campuses across Britain, the U.S., and Canada has prompted the Simon Wiesenthal Center to announce plans for an international effort to counter the phenomenon.

Last night Channel 2-TV reported that the European Aviation Safety Agency has sent the Israel Civil Aviation Authority (ICAA) a warning via e-mail that if its flight safety did not improve, the European agency would blacklist IsraelQs three airlines -- El Al, Arkia, and Israir. This would prohibit them from landing at European airports, and perhaps even from flying over the continent. Flights to the U.S. could also be cut as a result of such a decision. The European agency is set to take a decision on the issue in a month's time, according to the TV report. Industry sources said the European warning was triggered by the FAAQs downgrading of Israel's air-safety system to a third-world "category two" level last December. The FAA cited "severe security shortcomings in the ICAA and a range of security defects at Ben Gurion International Airport.Q Aviation experts had warned that the FAA's lowering of Israel's security ranking would adversely affect the image of Israel-based airlines in the U.S. and Europe, as well as their profitability.

HaQaretz quoted Nigel Ashton, a senior lecturer at the London School of Economics, who is close to the Hashemite royal family and was given rare access to the late Jordanian King Hussein's private archives, as saying in his book "King Hussein: A Political Life" (Yale University Press) that In early summer 1995, a few months before his assassination, PM Yitzhak Rabin asked King Hussein to approach Iraqi leader Saddam Hussein on his behalf and arrange a joint visit by Rabin and King Hussein to Baghdad, Ashton wrote that when handed a secret letter by a Jordanian official, "Saddam did not rule out direct contacts with Rabin," but was reluctant "to work through lower-level intermediaries." No further moves on the Israel-Iraq initiative were recorded before Rabin's murder that November.

Mideast:

Summary:

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv: QGiven the fact that [Netanyahu] will apparently only have a narrow right-wing government ... and [that] America is alienated, he will need a rare combination of miracles, luck, and help from heaven to survive.

Editor-in-Chief David Horovitz wrote in the conservative, independent Jerusalem Post: QNew prime minister Netanyahu could be faced with the acutely unenviable choice of defying America to maintain a narrow, pro-settlement coalition, or defying his domestic political partners and many of his voters for the sake of an international partnership to try to stop Iran.

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz: QInstead of Secretary of State Hillary Clinton coming to discuss the containment of the Iranian threat, her first visit to Israel will focus on aid to the Palestinians in Gaza and the victims of QOperation Cast Lead.Q This might be the worst damage of all.

Daniel Levy, the lead Israeli drafter of the Geneva Initiative, wrote in Ha'aretz: QAgreeing that Israel will define its permanent borders with the Palestinians by the end of the new government's term of office would meet Tzipi LivniQs] test.

Ariel Cahana editorialized in the nationalist, Orthodox Makor Rishon-Hatzofe: QProfessor Shlomo Ben-Ami, a true man of the Left, who acted to establish a Palestinian state, now believes that the two-state idea is useless.

Diplomatic correspondent Aluf Benn wrote in Ha'aretz: QAn agreement that would include only a limited withdrawal, ... in which Israel would Qremain on the Golan,Q does not contradict Netanyahu's principles.

Block Quotes:

1I. "He Needs a Miracle"

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv (2/27): QBenjamin Netanyahu of 2009, who will be 60 in October, is more mature, more experienced, and more balanced than Bibi of Q96. On the other hand, it seems that he hasnQt internalized the true reasons for his defeat at the time. Byzantine power games ... are being played around him.... Given the fact that he will apparently only have a narrow right-wing government, the economy is falling apart, the security situation is threatening, Europe is hostile, and America is alienated, he will need a rare combination of miracles, luck, and help from heaven to survive. He is well aware of his situation. The question is whether he is doing something to change it.

II. "From the West Bank to Tehran"

Editor-in-Chief David Horovitz wrote in the conservative, independent Jerusalem Post (2/27): QAccording to one scenario put to me, the Obama administration will be taking a comprehensive approach to the Middle East.... It would likely include an Israeli settlement freeze.... How that demand would go down with a narrow, right-wing coalition -Q the only coalition Netanyahu currently seems capable of forming -Q is readily imagined. But, it was put to me, the administrationQs argument to Netanyahu would be that IsraelQs principal concern is thwarting Iran; thwarting Iran requires regional cooperation.... If such a scenario were indeed to play out, new prime minister Netanyahu could be faced with the acutely unenviable choice of defying America to maintain a narrow, pro-settlement coalition, or defying his domestic political partners and many of his voters for the sake of an international partnership to try to stop Iran.

III. "The Operation that Legitimized Hamas"

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz (2/27): QThe main damage [caused to Israel] by the[Gaza] operation was the legitimacy granted to Hamas as ruler of the Strip, and the growing encouragement of the Qreconciliation talksQ that will return the organization to the Palestinian leadership. Israel wanted to isolate and destroy Hamas Q it is now under heavy pressure to open the crossings to Gaza and end the siege. The operation was planned so that it would end during the term of friendly President George Bush, a moment before Barack Obama entered the White House. The timing was perfect, the results less so. Israel is starting its dialogue with Obama from a problematic position. Instead of Secretary of State Hillary Clinton coming to discuss the containment of the Iranian threat, her first visit to Israel will focus on aid to the Palestinians in Gaza and the victims of QOperation Cast Lead.Q This might be the worst damage of all.

IV. "Livni Needs a Game-Changer"

Daniel Levy, the lead Israeli drafter of the Geneva Initiative, wrote in Ha'aretz (2/27): QIf [Tzipi] Livni wants her vision of two states to be both credible and meaningful, she needs to come up with a game-changer. Agreeing that Israel will define its permanent borders with the Palestinians by the end of the new government's term of office would meet that test. One path to achieving that goal could be the traditional one, via negotiations with an empowered and domestically legitimized Palestinian leadership, but this need not be the only option. Israel's interlocutor might be the United States or the Quartet, either of which could conduct back-to-back talks with relevant Palestinian and Arab decision-makers. Alternately, Israel might negotiate indirectly, in the context of the Arab peace plan, with Arab states, which would in turn consult with the relevant Palestinians, thereby guaranteeing the necessary Palestinian buy-in and representation. Once a border is defined, this would of course have to be followed in short order by a withdrawal of the Israeli occupation to that line.... At first glance, such an agenda would appear to be anathema to Netanyahu. It could, though, be linked to additional innovations, such as the establishment of an interim international trusteeship over the de-occupied area, thereby allowing him to avoid being directly responsible for the establishment of a Palestinian state. Perhaps this is what Netanyahu meant when he suggested to Livni that there might be another formula for defining the political approach to the Palestinian issue

IV. QThe Two-State Idea Is Dead

Ariel Cahan editorialized in the nationalist, Orthodox Makor Rishon-Hatzofe (2/27): QThe person who most recently shattered the statue of Qtwo state for two peoplesQ was Elliott Abrams, Deputy National Security Advisor in the Bush administration, who claims that the West Bank and Gaza PalestiniansQ connections with Jordan and Egypt ... are preferable to stately Palestinian independence - an independence that cannot be implemented anyway because of HamasQs takeover in Gaza.... Professor Shlomo Ben-Ami, a true man of the Left, who acted to establish a Palestinian state, now believes that the two-state idea is useless... The Israeli Right, which brought the [upcoming] government to power, must complete its vision with diplomatic action.

VI. "No More King on the Mountain?"

Diplomatic correspondent Aluf Benn wrote in Ha'aretz (2/27): QU.S. President Barack Obama wants to create a new order in the Middle East, one based on diplomacy and dialogue, not on boycotts and bombs. Israel wants to shatter the threatening Qaxis of evil, which is headquartered in Iran and has branches in Syria, Lebanon, and Gaza, and is opposed to withdrawal from the territories. Syria wants to improve its relations with the U. S. and strengthen its control of Lebanon, without bowing to Israel. Is there a formula that can satisfy Israel, Syria, and Obama's United States?.... [Benjamin Netanyahu] sees the indirect negotiations Prime Minister Ehud Olmert conducted with the Syrians as having offered concessions without recompense, as a useless move that served only to extricate Syrian President Bashar Assad from international isolation. An agreement that would include only a limited withdrawal, however, in which Israel would Qremain on the Golan,Q does not contradict

Netanyahu's principles.

CUNNINGHAM